

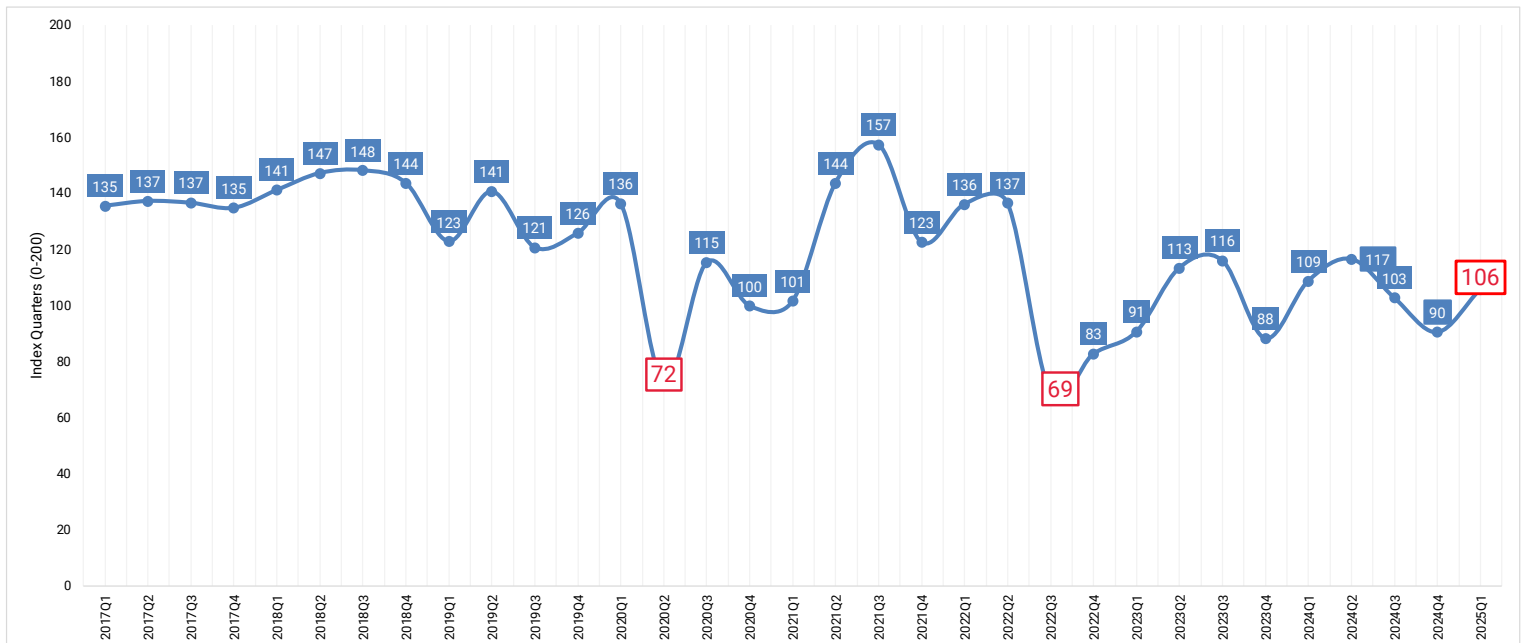
# QUARTERLY INDICATORS

## Southern Nevada Business Confidence Index

UNLV LEE BUSINESS SCHOOL  
CENTER FOR BUSINESS  
AND ECONOMIC RESEARCH

First Quarter 2025

### Southern Nevada Businesses Report a Slight Increase in Optimism on Local Business Conditions in the First Quarter of 2025



### Southern Nevada Business Confidence Index, Highlights

#### ECONOMIC EXPECTATIONS

- Local business leaders' confidence as captured by the CBER Southern Nevada Business Confidence Index rose from 90.4 in the prior quarter to 105.7 in 2025Q1.
- Local business leaders' view of U.S. economic conditions remained positive, increasing from 104.3 in the prior quarter to 106.5 in 2025Q1. When asked about economic conditions in Nevada, these business leaders' views became neutral, dropping from 101.4 last quarter to 100.0 in 2025Q1.

#### EXPECTATIONS FOR HIRING

- The expectations on hiring rose from 73.9 in 2024Q4 to 93.5 in 2025Q1, a less pessimistic signal regarding the local economy.

#### EXPECTATIONS FOR HOME PRICES

- Expectations on home prices in Southern Nevada rose from 124.6 in the prior quarter to 147.8 in 2025Q1.
- The Las Vegas Case-Shiller home price index followed this trend, posting an overall strong increase in local home prices since April 2023 and reversing its prior downward trajectory observed since July 2022 due to rising mortgage rates.

**MOST IMPORTANT CHALLENGES**

- Economic uncertainty, marked by 23.3 percent of business leaders, ranked first as the most difficult challenge in Southern Nevada going into 2025Q1, followed by finding qualified employees at 20.9 percent.

**KEY SKILLS AND TRAITS FOR HIRING DECISION**

- Local business leaders ranked “prior experience in the industry” the highest at 25.8 percent, when asked what skills and traits they look for in their hiring decisions.

**POTENTIAL RECESSION**

- A majority of respondents (i.e., 55.8 percent) expressed the belief that the U.S. economy will be in a recession in the next two years, while 11.6 percent believed that we are already in recession. a recession.
- A slight decrease occurred in the percentage of respondents, compared to the previous quarter (32.6 vs. 33.8 percent), who expected no recession in the next two years.

FULL REPORT BELOW

**Economic Outlook: Global, National, and Local**

The advance estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2024 continued its solid expansion, growing by an annualized 2.3 percent. Real GDP also increased by 2.5 percent over 2024. The increase largely reflected strong consumer spending, partly offset by a decrease in investment. Wages continue to grow, posting a 3.9 percent year-over-year increase in December, reaching \$35.69 per hour, and outpacing inflation. U.S. nonfarm employment increased in December by 256,000 jobs, reflecting gains in health care, government, and social services. The unemployment rate fell to 4.1 percent in December, outperforming expectations. Alongside the expanding labor market, recent economic data indicate that the United States continues to expand. Advanced estimates for retail sales grew by 0.4 and 3.9 percent, respectively, month-over-month and year-over-year. The PCE inflation rate of 2.4 percent in November came in slightly below market forecasts. The Fed cut interest rates by a quarter percentage point in its December meeting, following a quarter-percentage reduction in November and a half-point rate cut in September. At its most recent FOMC meeting on January 29, the Fed paused interest rate cuts, which was in alignment with most economists’ expectations. The 30-year mortgage rates, however, briefly rose, moving in the opposite direction due to expectations of higher inflation before declining again.

*“U.S. real gross domestic product (GDP) for the fourth quarter of 2024 continued its solid expansion, growing by an annualized 2.3 percent.”*

Clark County posted relatively negative economic signals. Seasonally adjusted employment declined by 2,600 jobs month-over-month in November. The unemployment rate in November rose to its highest level since April 2022 at 6.0 percent. October taxable sales declined, falling by 4.4 percent year-over-year. November gaming revenue declined, down by 4.2 percent year-over-year after a 2.2 percent decrease in the prior month. Harry Reid passengers in November declined by 2.1 percent year-over-year, while visitor volume rose by 0.5 percent over the same period. The local housing market, however, experienced continued increases in housing prices and increases in residential permits.

The survey results presented in this report indicate mixed, but slightly optimistic, sentiment on local business conditions and slightly optimistic views on U.S. economic

conditions and neutral views on the local economy. Local business leaders also anticipated moderate increases in local housing prices and in construction activity. Improving U.S. economic conditions, however, may provide an upside for the local economy’s expansion as local tourism largely hinges on domestic travelers.

### Southern Nevada Business Confidence Index

The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER) at the University of Nevada, Las Vegas (UNLV), rose to 105.7 in the first quarter of 2025 from 90.4 in the fourth quarter of 2024 (Figure 1). That is, local businesses expressed more optimism this quarter as they anticipate an improved economy in Southern Nevada and the U.S.

The index includes five components: business leaders’ expectations of (i) general economic conditions in Nevada, as well as expectations for their own industry’s (ii) sales, (iii) profits, (iv) hiring, and (v) capital expenditure. Two out of the five components remained below 100.0, one component sat at exactly 100.0, and two components rose above 100.0, indicating respondents’ mixed feelings about different economic areas. Respondents expressed a positive economic outlook overall, however, with the index sitting above 100.0 at 105.7. The index values for business expectations of Nevada economic conditions, sales, profits, hiring, and capital expenditure scored 100.0, 119.6, 117.4, 93.5, and 97.8, respectively (Figure 2)<sup>1</sup>.

*“Southern Nevada business leaders forecasted that Nevada economic conditions will stand still with a score of 100.0, marginally lower than last quarter’s score of 101.4.”*

#### Expectations for the U.S. and Nevada Economies

Southern Nevada business leaders forecasted that Nevada economic conditions will stand still with a score of 100.0, marginally lower than last quarter’s score of 101.4. At the same time, local business leaders expressed slightly stronger optimism on U.S. economic conditions with a score of 106.5, which is 2.2 points higher from the previous quarter. (Figures 3 and 4).

When asked about the U.S. economy, 34.8 percent of business leaders forecasted a

<sup>1</sup> Note: When reporting percentage responses, totals may not add to 100 because of rounding. The index equals the average of its five components. Each component is calculated as follows: add 100 to the difference between the percentages of positive and negative responses. Thus, for example, if the index for the sales component equals 119.6 this means that 19.6 percent (100+19.6) more respondents expressed a positive attitude (43.5 percent) than those who expressed a negative attitude (23.9 percent).

Figure 1  
CBER’s Southern Nevada Business Confidence Index

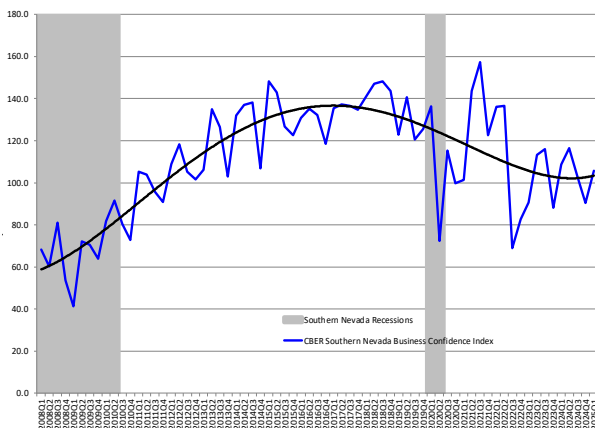
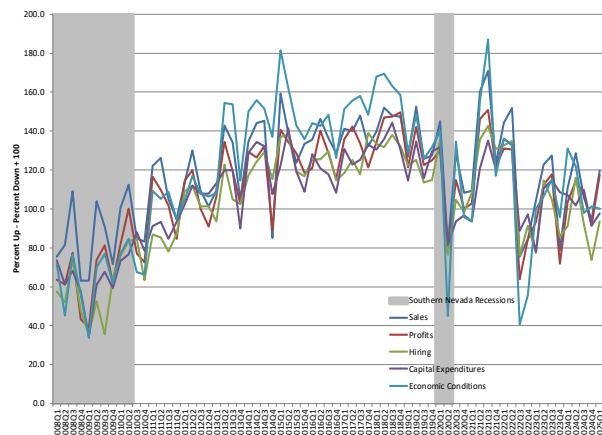


Figure 2  
Components of CBER’s Southern Nevada Business Confidence Index



somewhat worse or much worse economy, while 41.3 percent projected a somewhat better or much better economy. The remaining 23.9 percent projected no change. When asked the same question about the Nevada economy, 34.8 percent of business leaders predicted a somewhat worse or much worse economy, 30.4 percent anticipated no change, and 34.8 percent expected a somewhat better or much better economy.

**Expectations for Sales**

Local business leaders expressed optimism on sales with an individual component value of 119.6, scoring the highest among the five components (Figure 5). This shows an increase compared to a component value of 94.2 last quarter. When asked about sales in their own industry, 23.9 percent of the respondents forecasted a decrease, 32.6 percent expected no change, and 43.5 percent predicted an increase.

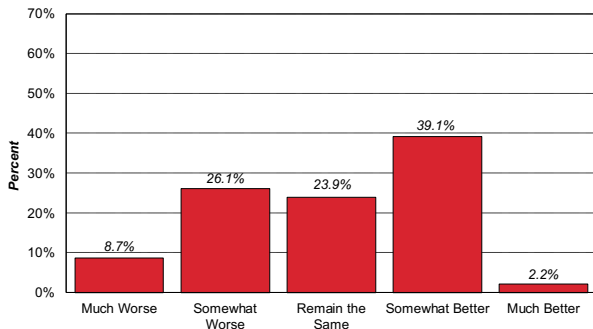
*“Local business leaders expressed optimism on sales with an individual component value of 119.6.”*

**Expectations for Profits**

Local business leaders also expressed optimism on profits with a component score of 117.4 (Figure 6). When asked about profits, 23.9 percent of respondents anticipated decreased profits in their industry, 34.8 percent predicted no change, and 41.3 percent forecasted increased profits.

Figure 3

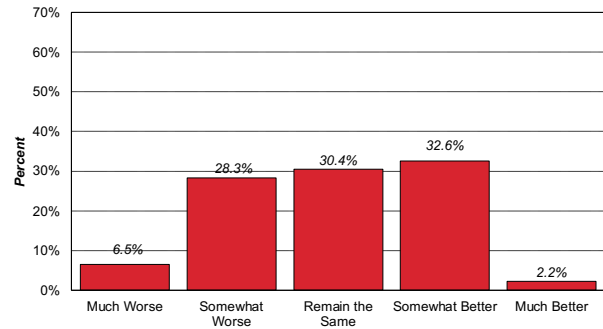
How do you think economic conditions in U.S. will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Figure 4

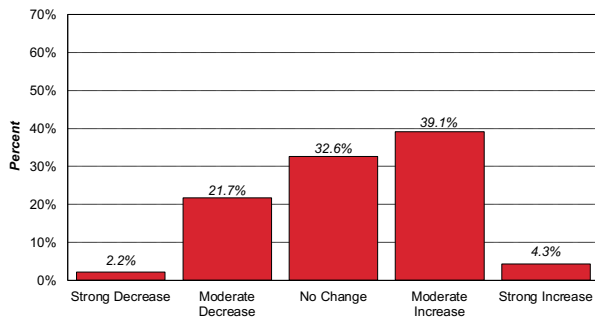
How do you think economic conditions in Nevada will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Figure 5

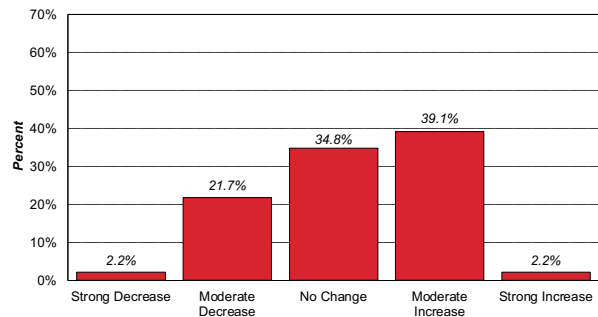
How do you think sales in your industry will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Figure 6

How do you think profits in your industry will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Note: When reporting percentage responses, totals may not add to 100 because of rounding.

**Expectations for Hiring**

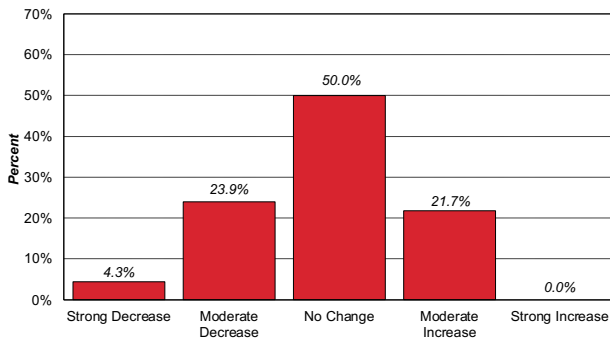
The index value for expectations on hiring rose by 19.6 points from last quarter to 93.5 this quarter (Figure 7). While the quarter-over-quarter increase marks an improvement, a score below 100 indicates that the local job market is still facing challenges. This also adds further context to the most important challenges question, where local business leaders said finding qualified employees was the second largest challenge they face today. When asked about hiring in their own industry, 28.3 percent of local business leaders expected a decrease, 50.0 percent expected no change, and 21.7 percent projected an increase.

**Expectations for Capital Expenditure**

The index component for expectation on capital expenditures rose to 97.8 this quarter from 91.3 last quarter although it decreased from 107.1 last year (Figure 8). That is, 28.3 percent of respondents forecasted decreased capital expenditures in their industry, while 26.1 percent projected increased capital spending. The remaining 45.7 percent expected no change.

Figure 7

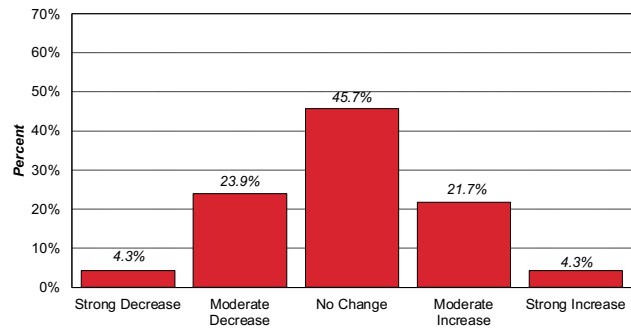
How do you think hiring in your industry will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Figure 8

How do you think capital expenditures in your industry will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Note: When reporting percentage responses, totals may not add to 100 because

**Expectations for Home Prices**

The index value for expectations on home prices in Southern Nevada, which is not a component of the overall index, scored the highest value at 147.8 (Figure 9). The value, which increased from 124.6 in the previous quarter, suggests that local businesses expect housing prices in Southern Nevada to continue to increase despite high interest rates and reduced affordability. Notably, the most recent movement in the Las Vegas Case-Shiller Home price index follows these predictions, posting an overall increase in local home prices since April 2023 despite high interest rates. Residential permits also rose in November, up by 66.9 percent from last month and up 26.9 percent from last year. The 30-year mortgage rate, which moves with 10-year Treasury yields, however, remains around 7 percent despite the Fed’s recent interest rate cuts. When asked about expectations on home prices, 60.9 percent of the respondents expected increases in home prices in Southern Nevada, 26.1 percent forecasted no change, and only 13.0 percent predicted decreases in home prices.

*“The index value for expectations on home prices in Southern Nevada, which is not a component of the overall index, scored the highest value at 147.8.”*

**Expectations for Construction Activity**

Local business leaders continued to predict an increase in construction activity in Southern Nevada, which is also not a component of the overall index, with a value of 132.6 (Figure 10). When asked about expectations on construction activity, 54.3 percent

of the respondents expected more construction activity, 23.9 percent projected no change, and 21.7 percent forecasted less construction activity.

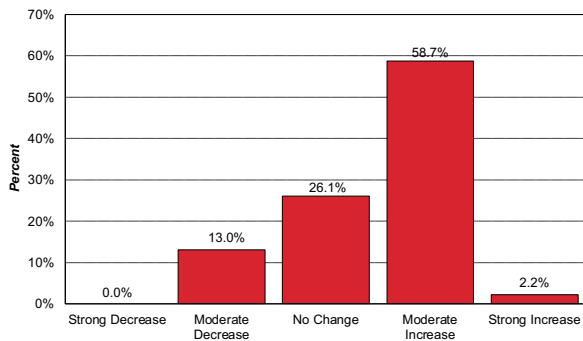
**Most Important Challenges**

Economic uncertainty, marked by 23.3 percent of business leaders, was ranked the most difficult challenge in Southern Nevada in the first quarter of 2025, consistent with results from the fourth quarter of 2024 (Figure 11). Finding qualified employees was the second most difficult challenge in Southern Nevada with 20.9 percent, jumping from the fourth most important from last quarter. Higher operating and/or production costs remained third at 18.6 percent. Government regulations marked at 9.3 percent in this quarter fell from second place at 18.8 percent in 2024Q4.

*“Economic uncertainty, marked by 23.3 percent of business leaders, was ranked the most difficult challenge.”*

Figure 9

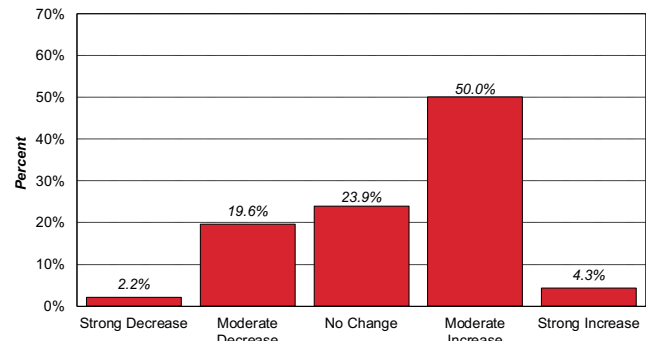
How do you think home prices in Southern Nevada will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Figure 10

How do you think construction activity in Southern Nevada will change in the coming quarter compared to the current quarter?



CBER Business Confidence Index Survey

Note: When reporting percentage responses, totals may not add to 100 because of rounding.

**Key Skills and Traits for Hiring Decision**

When asked about important traits or skills in the hiring decision, 25.8 percent of local business leaders marked experience in the industry, the highest when making such decisions (Figure 12). This was followed by punctuality and reliability at 18.5 percent and people and social skills at 15.3 percent. The “technical qualifications” and “proficiency in reading and writing” came in the lowest at 8.1 and 8.9 percent, respectively, of business leaders.

**National Fiscal and Monetary Policies**

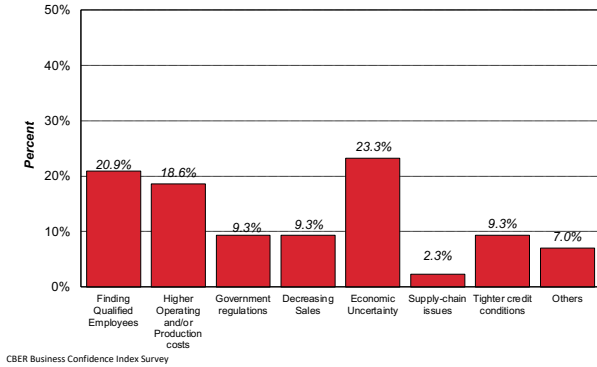
Local business leaders rated both the current national fiscal and monetary policies as relatively weak (Figures 13 and 14). When asked about current national monetary policy, 33.3 percent reported that the monetary response was “too/relatively weak,” while 16.7 percent reported it was “too/relatively strong.” The remaining 50.0 percent reported that it was “just about right.” When asked about current national fiscal policy implemented by Congress and the Administration, 14.3 percent of respondents answered that the fiscal policy response was “too/relatively strong,” 33.3 percent reported “just about right,” and 52.4 percent reported “too/relatively weak.”

*“Local business leaders rated both the current national fiscal and monetary policies as relatively weak.”*

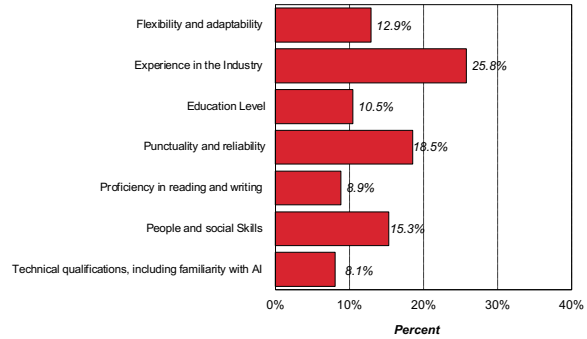
**Potential Economic Recession**

More than half of business leaders (55.8 percent) believe that the U.S. economy will slide into a recession within the next two years (Figure 15). Specifically, 4.7 percent predicted a recession sometime in the first half of 2025, 32.6 percent predicted sometime in the second half of 2025, and 18.6 percent predicted sometime in 2026. On the other hand, 11.6 percent of respondents thought that the U.S. economy already experiences a recession. Finally, 32.6 percent of respondents said that no recession will occur in the next two years.

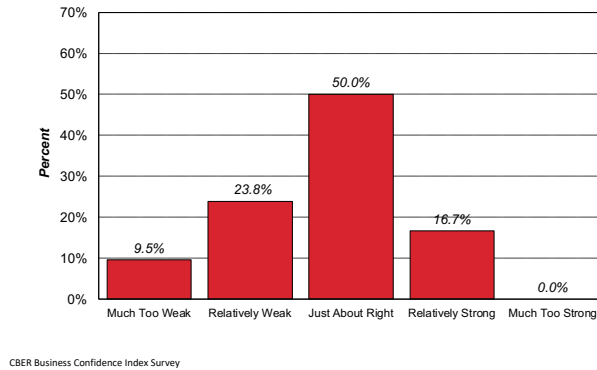
**Figure 11**  
What is the most important challenge that you face in your business today?



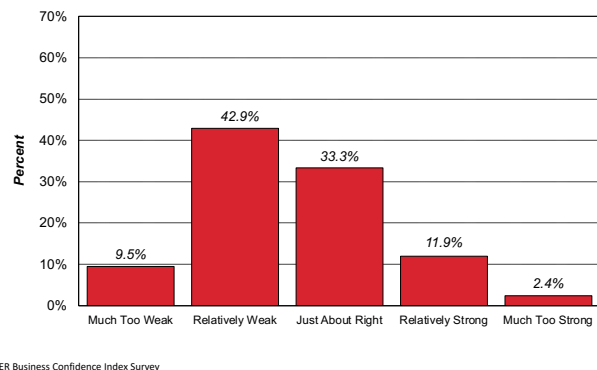
**Figure 12**  
Job skills for hiring reflected in survey



**Figure 13**  
How would you rate current national monetary policy?



**Figure 14**  
How would you rate current national fiscal policy?

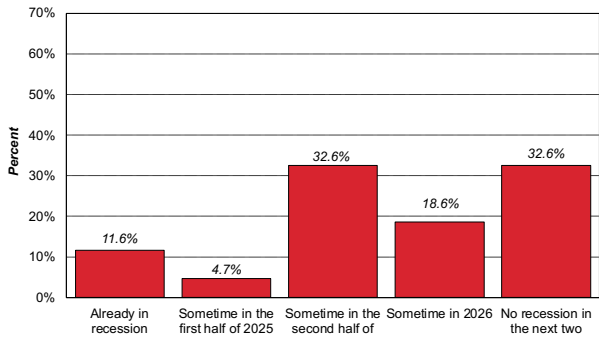


Note: When reporting percentage responses, totals may not add to 100 because of rounding.

**Interest Rates Between Now and the End of the First Quarter of 2025**

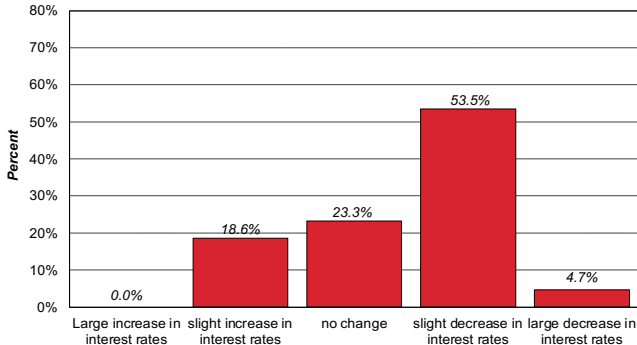
The majority (58.1 percent) of respondents believed that the Fed will continue to decrease interest rates in the first quarter of 2025 (Figure 16). Only 18.6 percent expected a rate increase, while the remaining 23.3 percent forecasted no change in interest rates in the first quarter. Among those who expected a decrease in interest rates, 53.5 percent thought that the Fed would slightly reduce interest rates, and the remaining 4.7 percent forecasted that the Fed would significantly decrease interest rates.

Figure 15  
When do you believe that the next recession will occur in the national economy?



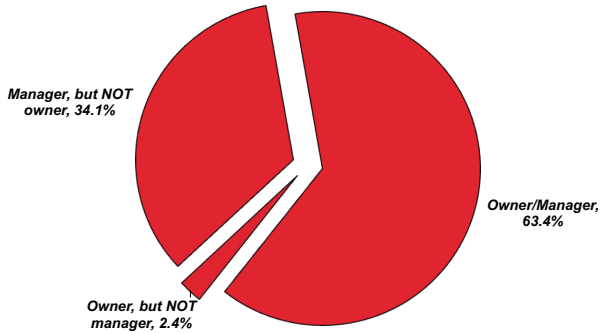
CBER Business Confidence Index Survey

Figure 16  
What do you think will happen to interest rates between now and the end of the the 1st quarter of 2025?



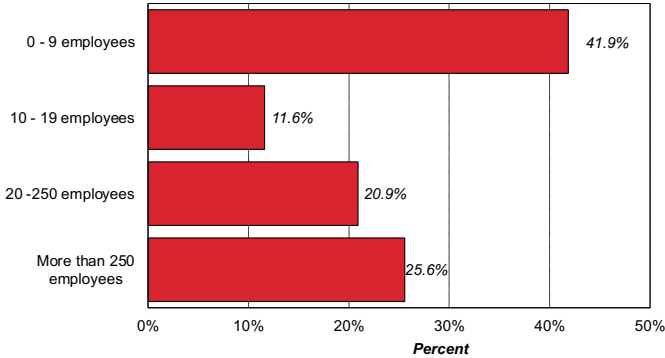
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Figure 17  
Which best describes your position in the business?



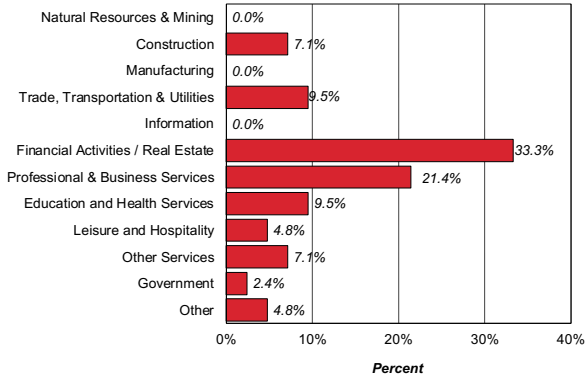
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Figure 18  
How many people, full time and part time, does your business currently employ, NOT including yourself?



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Figure 19  
Business sectors reflected in survey



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Note: When reporting percentage responses, totals may not add to 100 because of rounding.



## Conclusion

The most recent CBER business survey suggests that local business leaders maintain a somewhat optimistic outlook on their industry's business conditions in the first quarter of 2025. That is, local business leaders predict improving conditions for sales and profits in the first quarter. Outlooks for hiring and capital expenditures remain pessimistic but at a lesser rate compared to last quarter. The respondents also anticipate local economic conditions to stay the same while U.S. economic conditions are predicted to improve. In conclusion, the local economy is expected to expand modestly in the first quarter of 2025.

Center for Business and Economic Research

*The views expressed are those of the authors and do not necessarily represent those of the University of Nevada, Las Vegas, or the Nevada System of Higher Education.*

Please email us at [CBER@UNLV.EDU](mailto:CBER@UNLV.EDU) for questions and concerns.